

August 3, 2005

**NOTICE OF DETERMINATION OF REVENUE REQUIREMENTS
(California Code of Regulations Title 23 Section 510 *et seq.*)**

The California Department of Water Resources ("the Department" or "DWR") hereby provides notice of its determination of revenue requirements for the period January 1, 2006 through and including December 31, 2006. The Department has made this determination of revenue requirements in accordance with California Water Code, Division 27 (the "Act") and California Code of Regulations, Division 23, Chapter 4, Sections 510–517 (the "Regulations").

The Department has determined that its revenue requirement for the period January 1, 2006 through and including December 31, 2006, is \$4.991 billion on a cash basis, consisting of \$4.128 billion in power revenues and \$0.863 billion in bond revenues. This is \$291 million less than the Department's June 8, 2005 proposed 2006 revenue requirement.

In reaching its revenue requirements determination, the Department followed procedures consistent with those contained in the Act and the Regulations. The Department issued a proposed determination on June 8, 2005. A copy of the Department's proposed determination was posted on its web-site, <http://www.cers.water.ca.gov> and was also sent to interested persons who had requested notice of the Department's initial 2003 determination of revenue requirements. On July 13, 2005, the Department issued a notice of additional material. The deadline for submitting comments on the proposed determination was also extended from July 7, 2005 up to and including July 20, 2005. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company submitted timely comments in accordance with the Regulations. The Department has reviewed these comments and has made an assessment as to whether matters raised in those comments have a material impact on the proposed revenue requirement determination. To the extent changes were necessary they have been incorporated within the Department's determination of revenue requirements. The Department has also considered all such comments in reaching a determination that its revenue requirement for 2006 is just and reasonable.

This notice is being provided via electronic mail to those persons who received the original notice by electronic mail and by U.S. Mail to every person who has submitted a request for notice by U.S. Mail. This notice is also posted on the Department's web-site.

DWR will consider any request for reconsideration of the determination of revenue requirements only if the request satisfies the requirements of Section 515 of Title 23 of

the California Code of Regulations, which are summarized below. To be considered, requests for reconsideration must be received at either of the following addresses by 5:00 P.M. on August 17, 2005:

Mailing address: Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, CA 95821-9001
Attention: Thomas J. Cooke, Esq.

E-mail address: tcooke@water.ca.gov

Requests for reconsideration must satisfy the following requirements, as specified in Section 515 of Title 23 of the California Code of Regulations:

A comment must be in typewritten form and must be clear and permanently legible.

A comment must identify the determination that is the subject of the comment by referencing the deadline for submitting comments.

A comment must be signed. Comments submitted on behalf of a business or organization must be signed by a person authorized to comment on behalf of the business or organization, must include the name and title of the signatory, the date of signing, the signatory's business address, and the signatory's business telephone number. Comments submitted through electronic mail will be considered by DWR only if an original, signed copy of the comment is received by DWR within three working days after the receipt of the electronic-mail comment.

A signature on submitted testimony certifies that the signer has read the document and knows its contents; that to the signer's best knowledge, information, and belief, formed after diligent inquiry, the facts are true as stated; that any legal contentions are warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law; that the testimony is not tendered for any improper purpose; and that the signer has full power and authority to sign the document.

No documents or records submitted as testimony which purport to be statements of fact shall be considered by DWR unless the documents or records have been certified under penalty of perjury by the person preparing or in charge of preparing them as being true and correct.